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KENYATTA UNIVERSITY

SCHOOL OF ECONOMICS

DEPARTMENT OF APPLIED ECONOMICS

EAE 204: ECONOMICS OF DEVELOPMENT

DATE : **TIME: 2 HOURS**

INSTRUCTIONS

1) **Answer question one and any other two questions**
2) **Question one is compulsory and carries 30 marks**
3) **All other questions carry 20 marks each**

QUESTION ONE (30 marks)

a) Marxian theory to some extent is still applicable in Kenya today, discuss. (5 marks)

b) Explain five main weaknesses of social indicator as a measure of economic development. (5 marks)

c) Distinguish between the following concepts used in Economic Development.

(i) Low level of living and Low per capita income. (5 marks)

(ii) Developed economies and under-developed economies. (5marks)

d) Discuss the four main unfavorable situations that characterize the involvement of Less Developed Countries (LCDs) in foreign trade. (4 marks)

e) Discuss the extent to which economic and demographic trends have caused poverty in Kenya. (6 marks)

QUESTION TWO (20 MARKS)

i) Sen believes that development should be measured by the degree of freedom that people of a country enjoy. To what extent is this relevant to the Kenyan development process? (10 Marks)

ii) It is being argued that economic growth is not sufficient enough for improving the living standards of people within the economies of developing countries. Discuss with examples. (10 marks)

— Marks allocated too are too many for ~~the~~ (i) and (ii). Set (iii) and reallocate marks

QUESTION THREE (20 MARKS)

i) Kenya has ~~also~~ used a mixture of all the four macro-type strategies of economic development to promote national development. With relevant examples explain how each of these strategies has been employed and highlight its success and failures. (10 marks)

ii) Explain the vicious circle of poverty and highlight the criticism leveled against it. (10 marks)

QUESTION FOUR (20 MARKS)

i) What is the role of government in economic development in Kenya? (10 marks)

ii) Briefly outline the foundation of vision 2030. (4 marks)

QUESTION FIVE (20 MARKS)

i) Discuss Rostow's stage theory of Economic Development and show its relevance to the Kenyan Economy. Highlight the criticism associated with the theory. (12 marks)

ii) What are the main factors that have contributed to low level of economic development in Sub Saharan Africa? (8 Marks)